

“Fair Exchange Is No Robbery” BUT Unfair Exchange Is Robbery

The Italian people, including the victorious soldiers returning to their homes, are badly in need of foodstuffs and other supplies. The Italian lira selling at a large discount (6.35 lire bringing \$1.00—whereas 5.18 is the actual par value) means a severe hardship on the Italian people, who so nobly and self-sacrificingly stood by the cause of liberty.

Italy is not self-sustaining at this time, and must depend largely for food upon importations from neutral as well as allied countries.

Five lire and eighteen centimes (the normal exchange rate) should buy a dollar's worth of foodstuffs and other supplies in the United States for export to Italy. As exchange stands now it takes six lire and thirty-five centimes.

The more resourceful allied nations should take immediate steps to support and maintain Italian credit and currency at par in all countries. When this is done the Italian people will receive for every five lire and eighteen centimes one good American dollar, or the equivalent of one dollar's worth of our own or other nations' commodities.

We call attention to the following which appeared in the New York Evening Post of Thursday, November 21, 1918:

Conditions in Italy.

To the Editor of The Evening Post:

Sir: The following letter, dated October 27, is from Robert Wilberforce of the British Embassy to the Vatican:

"Food conditions are not cheering. One pays a franc for an egg; potatoes, five pence a pound; a great scarcity of milk, so great that it is almost impossible to get more than a pint a day. You may imagine the suffering which this causes to the many who are now ill, owing to the alarming epidemic of influenza. The American Red Cross are doing marvelous work to help the poor; an example of their efficiency we experienced yesterday. There is a poor family here by the name of Franchette. Before the war he was a professor at some Italian university; he was called, of course, result, misery to himself, wife and child. The child got influenza, followed by infantile paralysis. The mother got pneumonia. Mrs. Wilberforce put the case before the American relief committee, and within twenty-four hours a letter was delivered to us inclosing a check for 200 lire, and saying condensed milk could be had for the family—generosity accompanied by efficiency, two things together which, in my experience, I find to be one of the salient American characteristics."

also to an article published in the New York Journal of Commerce, Friday, November 22, 1918:

WOULD FURTHER AID ITALIAN EXCHANGE RULING RATE MEANS LOSS TO THAT COUNTRY IN DOLLAR.

Asserted That Italy Offers a Large Field to American Manufacturers—What a Student of Exchange Situation Says.

Those who have been predicting a further upward revision in exchange rates on Rome by the Federal Reserve Board and the Italian Institute of Exchange have been disappointed. Moreover, there is nothing certain that anything will be done on this score in the early future. The claim is made by some authorities that an advance over the figure fixed for lire several weeks ago by the United States and Italian Governments of 6.35 is justified, while certain persons hold to the opinion that if it had not been for the decision to peg the market rate for lire would be much under that now quoted, arising out of conditions prevailing in Italy as a result of the war.

In this connection a letter addressed to the Editor of The Journal of Commerce by a student of the exchange situation, which prefers not to be quoted, says, in part:

"Now that the war is practically over has not the time come to remedy the Italian exchange situation; to remember the great part Italy has played in the common cause and so help her to the best of our ability; and also to recollect the retarding effect which the present rate is exercising upon American enterprise in building up trade with Italy?"

"The present rate of 6.36, as against a parity rate of about 5.18, represents a loss to Italy of over 20c in the dollar. That is, on goods she buys from us we compel this hard-pressed country, struggling with the burdens of her great efforts in the war, to pay us over 20 per cent more for our goods than has to be paid by most of the neutral European countries. I say 'compel,' because it is within the power of the Federal Reserve Board to remedy the situation, or at any rate lighten it very considerably."

"In the interests of American trade also the remedy should be applied very speedily. Italy offers a larger field to our manufacturers than possibly any other European country, especially now that she is freed of German industrial dominance. However, it is very easy to see what the effect of asking her people to pay 20 per cent more for our goods than they feel it right and fair will have on our trade prospects. It will just about throttle them altogether. I have reason to know that already the present exchange rate has been the cause of losing this country considerable business. From a moral standpoint the question of our helping Italy in every way we can needs no argument. Almost unaided, by driving one of our principal enemies from the field, she saved us a bill that might have run to hundreds of thousands of American lives, and many additional billions of treasure. By remedying the exchange situation the Federal Reserve Board can show our appreciation to Italy and help American business at the same time."

The purpose of this publicity is to pointedly bring to the attention of international economists the fact that the first reconstruction problem should be to advocate measures which will establish and maintain the par value of international exchanges, for the very evident reason that it means more food, more clothing, more shoes and more shelter to Italy and all other countries whose currency is below parity.

Who will say that Italy is not entitled and fully deserving of help in the matter of her exchanges and the maintenance of her national credit?

Italian Government Bonds should be freely bought and sold in all allied and neutral countries. Italy should be permitted to float her Government Bonds in the United States, Great Britain and France.

The Italian Government is one of the first of the allied nations to undertake an extensive reconstruction program. Within the last few days the sum of 3,500,000,000 lire was appropriated for general welfare reconstruction work among her people.

If the allied nations want this 3,500,000,000 lire spent in their own countries they must take immediate steps to have Italian lire brought to parity in international exchanges.

The British pound sterling and the French franc should also be brought back to prewar normal par values. The pound sterling should not be permitted to remain around 4.76, when its par value is about 4.86. Neither should the French franc be allowed to sell around 5.38, when its normal value is 5.18. To sum it up: The lira, the dollar, the pound sterling and the franc should be permanently stabilized through governmental protective measures, thus removing the restrictions which now seriously hamper the movement of commodities between allied and neutral countries.

The American people have suffered very large irreparable losses by the depreciation of the American dollar in European as well as South American countries.

The table below shows the extent of the depreciation and also the marked improvement that has taken place since the U. S. Government commenced to uphold and maintain the value of the American dollar in these foreign countries.

The Discount of the American Dollar in the Following Foreign Countries.

Currency of	Highest discount prevailed on these dates.	Discount July, 1918.	Discount November 15, 1918.
	Perct.	Perct.	Perct.
Sweden	69.78 Nov. 1917.	33.58	3.55
Norway	44.59 Nov. 1917.	17.91	1.68
Denmark	44.59 Nov. 1917.	16.79	.75
Holland	29.35 July, 1918.	29.35	3.86
Switzerland	35.28 May, 1918.	31.50	3.21
Spain	54.15 April, 1918.	42.75	3.63
India	23.30 Sept., 1917.	10.14	10.14
Japan	7.82 July, 1918.	7.82	9.33
Argentina	12.25 Dec., 1917.	5.61	5.04
Chile	78.24 June, 1918.	75.48	31.54
Peru	20.83 July, 1918.	20.83	3.10
Bolivia	10.25 Dec., 1917.	8.84	1.54

While the depreciation has been reduced immensely the American dollar is still selling at a discount, when, as a matter of fact it should be selling at a premium everywhere.

The Allies should take the necessary steps to remove the discount on the dollar, British pound sterling, French franc and Italian lira, thereby rendering incalculable aid to the people of these countries through the standardization of their currency.

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